

DATED: 12 NOVEMBER 2019

IMPACT HEALTHCARE REIT PLC

TERMS OF REFERENCE FOR THE MANAGEMENT ENGAGEMENT COMMITTEE

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TERMS OF REFERENCE FOR THE MANAGEMENT ENGAGEMENT COMMITTEE

1. CONSTITUTION

- 1.1 The Management Committee shall consist of a minimum of 2 members of the board of the Company (the "Board") who shall be appointed by the Board in consultation with the Chairman of the Committee provided that membership of the Committee shall be confined to non-executive directors who are independent of the investment manager (the "Investment Manager"), currently Came Global AIFM Solutions (C.I.) Limited and (if applicable) the investment adviser (the "Investment Adviser"), currently Impact Health Partners LLP.
- 1.2 The Chairman of the Committee, who shall be an independent non-executive director, shall be appointed by the Board which shall determine the period for which he/she shall hold office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board may be a member of, and chair, the Committee provided he/she is independent of both the Investment Manager and the Investment Adviser.
- 1.3 Appointments to the Committee shall be for a period for up to three years, which may be extended by further three year periods, provided the members continue to be independent.
- 1.4 Members of the Committee may attend meetings of the Committee in person or through the medium of conference telephone or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.
- 1.5 Only members of the Committee have the right to attend Committee meetings. However, others may be invited to attend meetings of the Committee on a regular basis and other non-members (including representatives of the Investment Manager or the Investment Adviser) may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.6 A representative of the company secretary or its nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

1.7 The quorum for decisions of the Committee shall be any 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

2. **ROLE**

2.1 The Committee shall be known as the Management Engagement Committee. The Committee shall have two principal functions being:

- (a) to review annually the compliance by the Investment Manager with the Company's investment policy as established by the Board and with the investment management agreement entered into between the Company and the Investment Manager from time to time (the "Management Agreement");
- (b) to review annually the compliance by the Investment Adviser with the Company's investment policy as established by the Board when sourcing potential investment opportunities and with the investment advisory agreement entered into between the Company and the Investment Adviser from time to time (the "Advisory Agreement");
- (c) to review annually the performance of any other key service providers to the Company.

2.2 For the avoidance of doubt, the Committee will not review the performance of the Company's auditor.

2.3 The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as applicable and appropriate.

2.4 **Investment Manager**

The Committee shall:

- (a) Monitor and evaluate the Investment Manager's performance (and, if necessary, providing appropriate guidance) and compliance by the Investment Manager with the terms of the Management Agreement;
- (b) monitor and evaluate the Investment Adviser's performance (and, if necessary, providing appropriate guidance) and compliance by the Investment Adviser with the terms of the Advisory Agreement;
- (c) review the terms of the Management Agreement and the Advisory Agreement from time to time to ensure that the terms thereof comply with all relevant regulatory requirements,

conform with market and industry practice and remain in the best interests of shareholders and make recommendations to the Board on any variation to the terms of the Management Agreement which it considers necessary or desirable;

- (d) consider the merit of obtaining, on a regular basis, an independent appraisal of the Fund Manager's services;
- (e) review the level and method of remuneration of the Fund Manager pursuant to the terms of the Management Agreement, including the methodology of calculation of the relevant annual fee (which shall include a comparison of the fees payable as compared to the Company's peer group management arrangements). The review of these fee arrangements shall seek to ensure that the methodology does not encourage excessive risk and that it rewards demonstrably superior performance by the Investment Manager/Investment Adviser (as applicable) in managing or advising on the portfolio against the stated investment objective when compared to a suitable benchmark or peer group;
- (f) recommend to the Board whether the continuing appointment of the Investment Manager and/or the Investment Adviser on the agreed terms is in the best interests of the Company and shareholders, and the reasons for this recommendation;
- (g) review the adequacy and security of the Investment Manager's and the Investment Adviser's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- (h) review the adequacy and security of the Investment Manager's and the Investment Adviser's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- (i) oversee the relationship with each of the Investment Manager and Investment Adviser including (but not limited to):
 - (i) making recommendations on the Investment Manager's and the Investment Adviser's remuneration
 - (ii) approving the terms of engagement of the Investment Adviser and the terms of the Management Agreement
 - (iii) approving the terms of engagement of the Investment Adviser and the terms of the Advisory Agreement
 - (iv) assessing annually the Investment Manager's and the Investment Adviser's independence and objectivity taking into account relevant regulatory requirements

- (v) assessing annually the qualifications, expertise and resources of the Investment Manager and the Investment Adviser; and
- (j) meet regularly with the Investment Manager and the Investment Adviser and at least twice a year, to discuss the Investment Manager's and the Investment Adviser's remits, the performance of the Company's investments and any issued arising from the management of the Company's investments.

2.5 **Other service providers**

The Committee shall:

- (a) Monitor compliance by providers of other services to the Company with the terms of their respective agreement from time to time;

Review and consider the appointment and remuneration of providers of services to the Company; and
- (b) Consider any points of conflict which may arise between the providers of services to the Company.

2.6 **General**

- (a) [Clause deleted].
- (b) The review process shall be consultative and the Committee may seek input from relevant parties having a relationship with the Investment Manager and Investment Adviser to satisfy itself that the relationship is working and is cost efficient.
- (c) The Committee shall ensure that it is aware of all service providers to the Company and shall request an extract of the general ledger to ensure that all service providers including professional advisers, are identified for possible evaluation, noting the total remuneration paid to service providers annually.
- (d) The Committee shall consider any specific matters relating to the engagement of the parties which the Board may request.

2.7 **Reporting responsibilities**

- (a) All proceedings of the Committee shall be reported to formally to the Board by the Committee Chairman.
- (b) The Committee Chairman shall also report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the Board on how it has discharged its responsibilities

- (c) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (d) The Committee shall produce:
 - (i) a disclosure statement to be included in the Company's annual report about its activities; and
 - (ii) any statements regarding the Investment Manager, its remuneration and any other terms of its appointment which are required to be included in the Company's annual report or as otherwise required by the Board.
 - (iii) any statements regarding the Investment Adviser, its remuneration and any other terms of its appointment, to the extent the Committee considers these appropriate for inclusion into the Company's annual report, or as otherwise required by the Board.
- (e) Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as appropriate and required with its principal shareholders in respect of the engagement of its Investment Manager, Investment Adviser and other service providers.

2.8 **Other Matters**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- (b) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the AIC Code of Corporate Governance, the Market Abuse Regulation and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules (to the extent applicable to a company listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange which has resolved to comply voluntarily with certain of the Listing Rules), and any other applicable rules, as appropriate;
- (c) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (d) oversee any investigation of activities which are within its terms of reference;
- (e) work and liaise as necessary with all other Board committees; and

- (f) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

3. PROCEDURE

- 3.1 The Committee shall meet at least once each year and at such other times as the Chairman of the Committee or other Committee members shall require
- 3.2 At least 5 working days' notice of any meeting of the Committee shall be given, although such notice period may be waived or shortened with the consent in writing of all the members of the Committee for the time being. Notice of the meeting shall confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.
- 3.3 The Company Secretary (or its delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
- 3.4 The secretary of the Committee or its delegate shall attend meetings of the Committee to take minutes.
- 3.5 In the absence of the secretary of the Committee, the members present at the meeting of the Committee shall elect another person to act as the secretary for the purposes of that meeting.
- 3.6 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.
- 3.7 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.8 The secretary shall minute the proceedings and discussions of all meetings of the Committee, including recording the names of those present and in attendance.

- 3.9 Draft minutes of the meeting of the Committee shall be circulated to all members of the Committee and, once agreed, to the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 3.10 Once agreed, minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be available for inspection by any member of the Committee or Director at any reasonable time on reasonable notice.
- 3.11 The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.
- 3.12 All members of the Committee shall have access to sufficient resources in order to carry out its duties, including access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
- 3.13 In the event that the Committee or any member of the Committee requires access to independent professional advice in connection with his duties, a request may be made to the Chairman.
- 3.14 Every member of the Committee shall give sufficient time and attention to his/her duties as a member of the Committee. He/she shall give the Company the benefit of his/her skills and expertise through regular attendance and active participation.
- 3.15 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

4. AUTHORITY

- 4.1 The Committee is authorised to:
- (a) seek any information it requires from any member of the Board and/or any director or employee of the Investment Manager or the Investment Adviser in order to perform its duties;
 - (b) investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties;

- (c) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so within its terms of reference;
- (d) having given reasonable notice, call on the Investment Manager or the Investment Adviser to be questioned at a meeting of the Committee as and when required; and
- (e) have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

Adopted at the board meeting of the Company on 12 November 2019

Schedule 1

Members of the Committee:

Rupert Barclay (Chair)

Rosemary Boot

Phil Hall

Amanda Aldridge